TRENDS

DrSN study: HQ to store managers—Can we talk?

Continued from page 1

Headquarters execs can wink at these differences knowingly, recognizing they speak the party line and store managers, who must execute daily for customers, are on the firing line.

Or they can recognize that familiar pain in the back of the head that comes from knowing they've tried unceasingly to communicate what needs to be done in stores and to enforce such practices.

At SupeRx, based in Phoenix, an LBO chain that is performing well, vp-operations Jerry Ray says compliance isn't black and white. He noted, for example, that a display may not be precisely where headquarters indicates, but if it's up and close to spec, that is usually acceptable. "If it's a co-op display, the vendor often monitors. If a vendor is paying, we make sure it is done according to plan," Ray said.

In other matters, store managers set seasonal displays, rebuy for their stores (determining amounts but not item selection), and speak often and loudly to headquarters on overall pricing. However, staff training is uniform and managers have little say there.

So, gray areas abound, lines aren't often well defined in this trade and readers each have their own approach. Yet it is clear from survey findings—and separate interviews that shed light on their dramatic contrasts—that the chain drug industry is run more by store managers and field supervisors than has been recognized.

Certainly, the autonomy of Longs store managers, and that chain's longstanding posture as a solid performer, is legend. It appears that Osco, through the recruitment of Dick Scott, who had been Longs' third-ranking executive, may be moving in this direction.

And the influence of field people at other chains nationwide is mounting. On this there is widespread agreement. Exactly half of headquarters executives (vps and directors of operations, and district and regional supervisors) surveyed felt that store managers have gained more decision-making powers during the past two years, and 45 percent of store managers concurred. Notably, six in 10 headquarters execs felt this will continue through 1991, and just 43 percent of store managers interviewed felt

Continued on next page

Susan Ball, field editor, and Christine Bizzarro, editorial assistant, provided research assistance for this article.

'Perry is moving that way [towards more decision-making responsibilities in the field] in all areas. In terms of expanding product, customer care, pricing, they are given flexibility. In effect, we've told the store managers, 'you are running your own ship, within limits.' If they have to bend or ignore a policy to please a customer, that is okay.'

—Berl Falbaum
vp
Perry

Store managers enjoy greater autonomy since 1986

(percent agreeing)

Field supervisors	60%
Operations execs	40
Store managers	45

. . . and should have more through 1991

Field supervisors	50%
Operations execs	70
Store managers	43

Source: Lebhar-Friedman Research

Note: The identity of survey respondents is confidential information. The executives quoted in our coverage were interviewed seperately to augment the survey's findings. **—Ed.**

Store managers get "very involved" in . . .

(% agreeing)

	Field supervisors	Operations execs	Store managers
Merchandising endcaps	60%	60%	68%
Merchandising checkstands	40	40	55
Merchandising OTC/Rx	70	—	40
Developing overall store planogram	40	10	25

Source: Lebhar-Friedman Research

Store managers change product facings and positions more often than headquarters execs think they should

(in percent)

	Field supervisors	Operations execs	Store managers
Store managers can change at own discretion	70%	20%	65%
Must check with headquarters first	30	40	28
No changes allowed at all	—	40	8

Source: Lebhar-Friedman Research

Store managers change prices more often than headquarters execs think they should

(in percent)

	Field supervisors	Operations execs	Store managers
Store managers can change prices at own discretion	40%	10%	30%
Must check with headquarters first	50	40	45
No changes at all	10	50	25

. . . yet generally agree on why price changes might be needed

(asked of "check first" group)

	Field/operations	Store managers
To meet prices of local competition	86	83
To "push" an overstocked brand or product	64	83
To attract customers	64	67

Source: Lebhar-Friedman Research

Methodology of the study

This exclusive *Drug Store News* study, "The Role of Field Supervisors and Store Managers," was undertaken to explore the overall autonomy and decision making authority of store managers at many of the nation's 100 largest drug chains.

Questions also focused on perceptual differences between store managers, field supervisors, directors and vps of operations regarding the degree of independence at store level.

Telephone interviews were conducted in June by professionally trained staff, under direct supervision of Lebhar-Friedman Research, the market research arm of *Drug Store News's* parent company.

Sixty interviews made up the study. These included 10 vps or directors of operations and 10 district and regional managers, from mutually exclusive chains. For each of these "headquarters" interviews completed, L-F Research also interviewed two different store managers of the same drug chain, adding 40 store manager interviews.

In all, 20 chains, among the 100 highest-volume chains in the U. S., are represented in the study.

Creative displays earn rewards for store managers and staff

(percent of respondents)

	Total headquarters	Store managers
Recognition in a company newsletter, store sign or ad	65	95
Bonus incentive from headquarters	76	64
Bonus incentive from manufacturer	53	55
Time off with pay	18	14
Contests for trips, prizes	24	9
Gift and dinner certificates	6	5

Source: Lebhar-Friedman Research

TRENDS

Study: Role of store managers and field supervisors

So what do *you* think?

Drug Store News invites reader comments on this inaugural study. We'd like to hear from headquarters execs, field supervisors and store managers.

We are always interested in hearing how chains build continuity in operations, and how they allow for greater field management autonomy.

Did you find our survey results enlightening, or think they don't apply to you? What surprised you or bugged you? Drop us a note and tell us why. Write to Al Heller, executive editor, *Drug Store News*, 425 Park Ave., New York, N. Y. 10022.

Highlights of the study

- **Decision-making authority of store managers has increased** the past two years, said half of headquarters execs and 45 percent of store managers surveyed. This will continue the next three years, said 60 percent of headquarters execs and 43 percent of store managers.
- Of store managers who reported increased autonomy, 61 percent favor it completely and 33 percent somewhat.
- 65 percent of store managers and 70 percent of field supervisors agree that **store managers can alter planograms at their own discretion.** Only 20 percent of vps and directors of operations concurred. Indeed, 40 percent of operations execs said no changes are allowed under any circumstance; only 8 percent of store managers felt this way.
- 30 percent of store managers and 40 percent of field supervisors agree that **store managers can change prices at their own discretion.** Only 10 percent of vps and directors of operations concurred. Indeed, 50 percent of operations execs said no changes can be made at all; only 10 percent of field supervisors and 25 percent of store managers felt this way.
- Determining size of full-time staff is in their domain, said 45 percent of store managers surveyed; no operations execs agreed, but 30 percent of field supervisors did. Similarly, 58 percent of store managers said they alone determined size of part-time staff; no operations execs agreed, but 50 percent of field supervisors did.
- Headquarters encourages store managers far less than they would like to involve vendors in merchandising. As an example, 33 percent of store managers felt encouraged to let vendors re-order or replenish shelf stock; 77 percent of store managers favor this active role for vendors. Also, 40 percent felt encouraged on product sampling; 88 percent favor it.
- The three most frequent criteria for calculating store managers' and field supervisors' bonuses are percent of profits, overall gross margin and expense controls, said operations execs.
- 95 percent of store managers report warehouse deliveries at least once a week.
- Stock clerks are also trained to be cashiers, said 93 percent of store managers, and back-door receivers, said 73 percent.
- Store managers estimate their unplanogrammed swing space to be 22 percent of total selling footage.
- When advertised goods are out of stock, issue a rain check rather than sell substitute product, agreed 63 percent of store managers and 60 percent of headquarters respondents.

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that.

Naturally, operations execs see this coming. They understand the growing importance of regional marketing, which relies heavily on the knowledge of local areas and people held by store managers and regional supervisors.

This survey breaks ground in demonstrating that even in the most rigorous disciplines of store operations, field people have a very big say.

As an example, two out of three store managers felt they could change facings and positions of products at their own discretion; 70 percent of field supervisors agreed. But just 20 percent of vps-operations felt this way.

A mere 8 percent of store managers said they they couldn't do this under any circumstance, which was the stance taken by 40 percent of vps-operations.

Three out of 10 store managers felt they could change prices at their own discretion. That contrasts with just 10 percent of vps and directors of operations at drug chains who felt this way, and 40 percent who said store managers could change prices only after checking with headquarters. At 85-store Genovese, planograms and pricing structures are enforced by district managers, vp-marketing Don Gross said. District must approve any planogram changes warranted by store demographics or pricing changes necessitated by local competition.

The approach is similar at Snyder's, where district managers must give the nod to planogram changes at a store, said Mike Pan, vp-retail operations.

Store staffing was another issue where opinions differed among survey respondents. A whopping nine out of 10 vps-operations said that store managers consult with them or field supervisors to determine needed levels of full-time workers at stores. Just half as many store managers felt this way, with an equivalent 45 percent saying they can staff as they need without consulting.

Part-timer levels showed a similar jarring gap: 80 percent vs. 33 percent.

Berl Falbaum, vp-corporate communications at Perry, explained that his chain repeats operations directives in many ways to be sure people understand. Frequent face-to-face meetings with store managers, memos, an in-house newspaper, and making policies and procedures clear from the start are all stressed at Perry.

"Differences (in industry-wide survey findings) stem from faulty communications. Headquarters people must be careful how they communicate. Their actions may be sending out a message that isn't what they want to convey," he said.

SupeRx's Ray summed up the need for special efforts to build compliance down the operations line to store managers: "Otherwise, you don't have consistency, then the advertising may not be supported, and there's a snowball effect on performance."

No one wants to be left out in the cold.

'We are an open company and we welcome managers' input to making decisions, although they are not there to make independent decisions. We are challenging management to be more efficient and improve productivity.'

—Mike Pan, vp-retail operations, Snyder's

'Upper management tends to 'live by the book,' but store managers, and to some extent field supervisors, are 'on the firing line,' and must adjust to the area they are working in. Store managers make decisions on personnel and staff training.'

—Paul Schultz, director of operations Medicare-Glaser

'Any leeway a store manager might be granted should be communicated clearly, and the direction they get from the district manager is crucial. The level of competency [industry-wide] is diminishing. It is harder to get good managers since more stores are opening everyday. Beginning managers are inexperienced, and have inadequate training.'

—Don Gross, vp-marketing, Genovese

'Headquarters does review chainwide ads with store managers and gets lots of input. We encourage store managers to speak up. Our merchandising plans begin at store level. We make an earnest effort to merchandise stores according to local dictates. Our planograms are very, very rigid. Store managers are sent the picture, the tags, the items and are told where to put them.'

—Jerry Ray, vp-operations, SupeRx (Phoenix)

How chains calculate bonuses for store managers and field supervisors

(asked of vps and directors of operations at HQ—percent of respondents)

	Store managers	District and regional supervisors
Percent of profits	89%	78%
Linked to gross margin	56	44
Linked to expense controls	44	44
Percent of sales over a specified quota	22	33
Percent of salary	22	33
Percent of sales	11	22

Source: Lebhar-Friedman Research

Store managers and headquarters disagree on who determines size of store-level full-time staff

(percent of respondents)

	Field supervisors	Operations execs	Store managers
Store managers can staff as they deem appropriate	30%	—	45%
Joint decision between store managers and regional or headquarters execs	60	90%	45
Regional or chain decision alone	10	10	10
. . . and part-time staff			
Store managers alone	50%	—	58%
Joint decision	50	80%	33
Regional or headquarters alone	—	20	10

Source: Lebhar-Friedman Research

Store managers seem to favor vendor involvement more than headquarters execs

(percent of respondents)

Vendors play an active role in . . .	Percent of store mgrs. encouraged by HQ	Percent of store mgrs. who favor vendor role completely/somewhat
Supplying POP materials	68%	89%
Sampling	40	88
Reordering, replenishing shelf stock	33	77

Source: Lebhar-Friedman Research

BEAUTY TRENDS

New franchised skin treatment planogram at Dot

Dot Deep Discount Drug Stores, the 14-unit chain owned by Wal-Mart, has developed a new planogram for franchised skin treatment items.

The planogram, which was created by Gwen Batchelor, Dot's cosmetic supervisor, allocates four to eight feet in cosmetics to franchised skin treatment lines.

The section, which is now in most Dot stores, is usually located off a base in a side counter of the cosmetics department.

Batchelor says she decided to develop the section after she started to see her franchised skin treatment sales surge. She says sales for the category have been averaging 20 percent to 25 percent increases for the better part of this year.

Eye treatment brands alone are up about 20 percent in sales, Batchelor estimates.

"The cosmetics department is very important to us," Batchelor said. "It's our second most important signature department behind pharmacy, but it makes a lot more money than pharmacy. Pharmacy today has gotten so competitive that it's almost impossible to make any money on what you dispense. But cosmetics is a money maker for us. Many of the items we sell have gross margins in excess of 40 percent and 50 percent, and on many items, the turns are very high.

"In this department, we look for the growth areas so we can maximize our opportunities in the category. Skin treatments have been selling so well that we decided to give the franchised brands their own section in as many stores as possible."

Batchelor says that all but the smaller Dot stores now have the treatment section. Depending on the store, the department is either within the pegged wall section in a separate shelved section, or it's on a side counter near the mass lines like Olay and Ponds.

Revlon, Almay, Factor and the other mass lines are all in the section. There is no signage for the department and no advertising, but Dot does use on-shelf signs for maximum in-store exposure.

* * *

According to a recent study by *Glamour* magazine, the majority of women who say they like cosmetics because they're "fun" or "good for their skin" or because they help them "look my best" and "create the image I want" are the most likely to use beauty products at least once a day.

In its study, *Glamour* found that the majority of women could be classified into four separate attitudinal groups: women who seldom used cosmetics, classified by *Glamour* as "plain janes" or light and infrequent users; women who stay with proven brands, classified as "conformists" or moderate users; women who are willing to try and experiment with new things, classified as "strivers" or multiple brand users; and women who are heavy users of cosmetics because they derive "a psychological lift" from them, classified as "dazzlers" by *Glamour's* researchers.

How attitudes affect the way women use beauty products

(Percentage of women using at least once a day, by attitudinal classifications)

Category	Plain Jane	Conformists	Strivers	Dazzlers
Lipstick	29%	76%	81%	84%
Blush	28	69	79	89
Foundation	23	58	51	77
Mascara	12	64	57	88
Eye shadow	6	49	54	84
Perfume	33	37	51	66
Hand/body lotion	41	64	76	82
Facial moisturizer	29	54	65	78
Hairspray	11	37	44	73

Source: Glamour Beauty Attitudes & Images Survey

What encourages women to buy beauty products

(Purchase incentives classified by women's attitudinal types)

Incentives	Plain Jane	Conformists	Strivers	Dazzlers
A lower price; no gifts or samples	55%	51%	40%	33%
Samples of new products with purchase	26	29	35	33
Samples of well known products with purchase	11	11	14	20
Useful gifts like an umbrella or tote with purchase	5	4	5	6
Discounts on special items with minimum purchase	2	5	6	6

Source: *Glamour* Beauty Attitudes & Images Survey

The study revealed that while "dazzlers" comprise about 27 percent of the total women's beauty market, they account for 40 percent of all volume sales of the 18 cosmetic and fragrance categories that were tracked.

In contrast, what *Glamour* calls "plain janes" account for 14 percent of the women's beauty market, but generate only 6 percent of the volume of the categories that were tracked.

The study suggests that traditional demographics are a much less accurate predictor of market behavior for personal appearance products than attitudes.

Women showed very slight differences in usage when compared demographically by age, income, education and employment than when compared by attitudes. The differences measured demographically ranged from 5 percent to 20 percent. Measured by attitudes, the differences in volume purchases and usage between plain janes and dazzlers was as great as 60 percent to 80 percent for nine product categories identified as part of a basic, daily beauty routine.

Dazzlers, for example, accounted for 53 percent of the total volume of skin treatment products while plain janes accounted for 6 percent. Dazzlers accounted for 48 percent of the early trial volume for lipsticks and lip glosses, while plain janes accounted for 3 percent.

Glamour suggests that manufacturers and retailers try to generate incremental sales for beauty products by concentrating on changing women's attitudes, stressing positive reasons for purchase and use.

Cosmetics: Category in Motion

Clairol is introducing Final Net Ultimate Hold non-aerosol hairspray, for hard-to-hold styles.

A distribution allowance is available during the introductory period. Shipping began in early August. Timed to take advantage of back-to-school promotions, the launch is being supported with print ads in leading women's magazines, as well as in daytime and late night TV ads.

* * *

Freeman Cosmetics has three new consumer value combo packs.

For a limited time, consumers who buy a 15.2-ounce Whipped Creme Shampoo will get a 6-ounce Styling and Sculpturing Gel free; with a 15.2-ounce Amino Protein Moisturizing Shampoo, they will get a 6-ounce Amino Protein Re-Moisturizing Creme free; and with a 15.2-ounce Infuse, Vitamin Hair Rejuvenator, they will get a 6-ounce Hair Styling and Sculpting Lotion free.

Freeman is also offering a special bonus sale on its Papaya and Apple hair products. The bonus sizes include a 20.2-

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INSIDE PHARMACY

Prescription diuretics still considered as 'water pills'

NEW YORK — Still considered a first-line medication to combat mild to moderate hypertension, the long-time dominance of first- and second-generation diuretics in the antihypertensive market may be threatened as a result of recently-published studies promoting the efficacy of some newer third-generation diuretic products.

While many of today's diuretics are presented in the literature as antihypertensive agents specifically indicated in the lowering of blood pressure, many physicians still turn to older first- and second-generation diuretics ("water pills") when a medical condition is diagnosed as edema or an abnormal retention of water or electrolyte metabolism.

Since the 1950s, diuretics have been used to decrease the amount of water in the body by increasing the flow of urine. In the course of doing so, they often cause the body to excrete dissolved metabolites such as potassium, sodium, calcium, magnesium or bicarbonates. In general, they should be prescribed with caution to persons with diabetes, gout, kidney disease, and liver disease, and those currently taking lithium. Anyone who is on a special diet, pregnant (or hoping to become so) or nursing should also use diuretics with a degree of caution. Because they tend to cause sodium retention and may therefore interfere with the action of diuretics, ibuprofen and other non-steroidal anti-inflammatory drugs should not be taken concurrently with diuretics.

Diuretic categories

Antihypertensive-saluretic products are analogs of thiazide. These are most frequently prescribed for hypertension, but also for edema associated with congestive heart failure and renal failure. Common side effects of the products are constipation, dizziness, fatigue and restlessness.

Carbonic anhydrase inhibitors. Causing sodium bicarbonate diuresis, these products are indicated for glaucoma, urinary alkalization, reduction of total body bicarbonate stores, acute mountain sickness and in some cases in the treatment of epilepsy and contraindicated for hepatic cirrhosis. Hyperchloremic metabolic acidosis caused by bicarbonate wasting, renal stone formation, renal potassium wasting, drowsiness and paresthesias have been cited as side effects of the drugs.

Loop diuretics are short-acting absorption inhibitors which produce the strongest effect. They are indicated in the treatment of acute pulmonary adema, refractory edema, hypercalcemia, electrolyte disorders, acute renal failure and hyperuricemia. Side effects produced by drugs in this category include tiredness, depletion of potassium, calcium and magnesium and ototoxicity.

Monosulfamyls are long-acting thiazide-like diuretics. Usually used in the management of hypertension, the products are also used for edema associated with congestive heart failure, hepatic cirrhosis and corticosteriod and estrogen therapy. Depletion of potassium, hyperuricemia, constipation, dizziness and headache are common side effects of the category. Chlorthalidone ia a commonly prescribed drug.

Potassium-sparing drugs, as the name implies, produce water-reducing effects without depleting potassium supplies. Nausea and vomiting, stomach cramps, diarrhea and impotence are side effects of the category. Commonly prescribed drugs are Searle's Aldactazide (spironolactone with hydrochlorothiazide) and Aldactone; SmithKline & French's Dyazide (triamterene with hydrochlorothiazide 50/25; Dyrenium (triamterene with hydrochlorothiazide); and Maxide (triamterene with hydrochlorothiazide). Midamor (amiloride HC1) and Moduretic (amiloride HC1-hydrochlorothiazide) both made by Merck Sharp & Dohme.

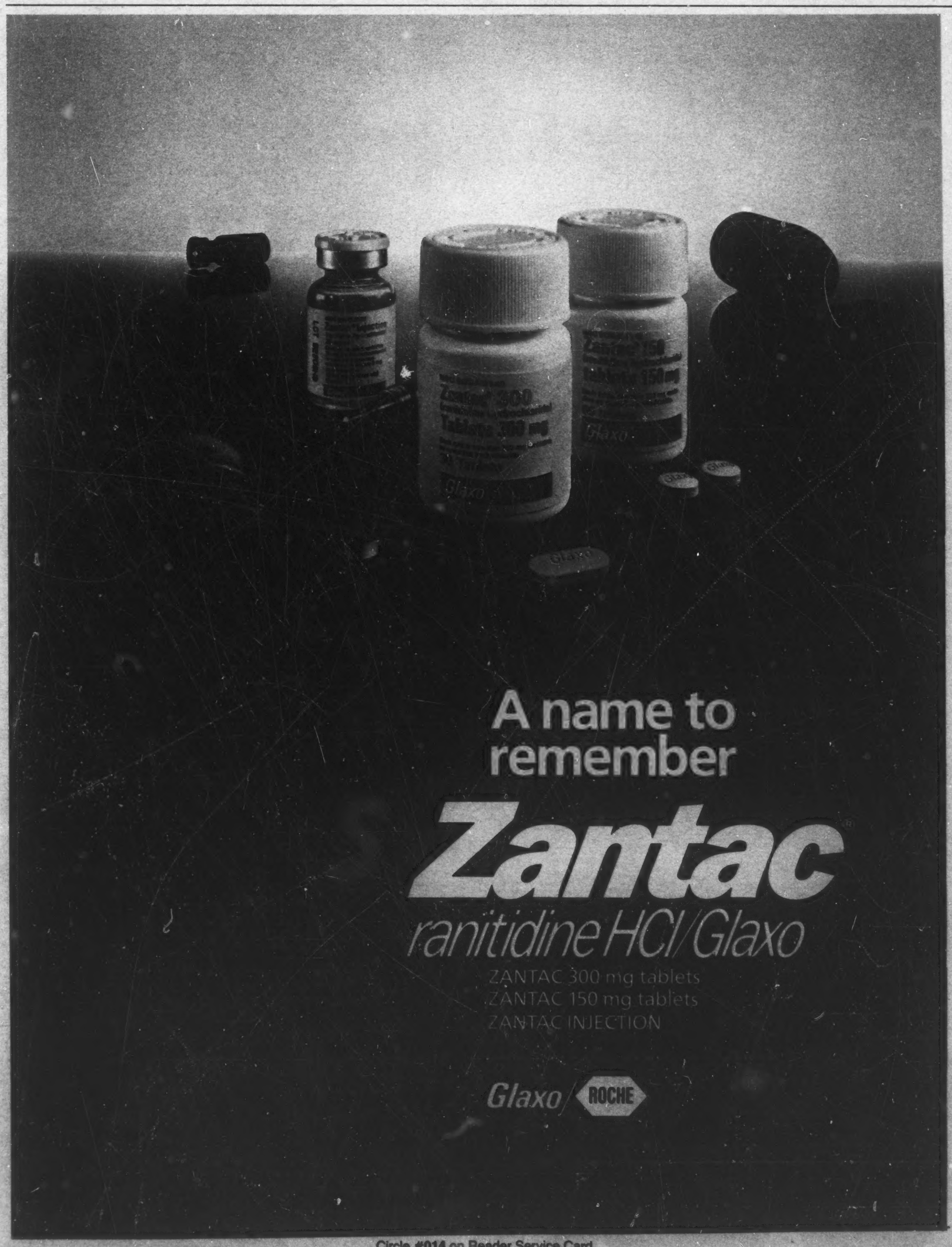
Thiazides and combinations are used primarily to control hypertension and are also prescribed for congestive heart failure, idiopathic hypercalciuria and nephrogenic diabetes insipidus. They are contraindicated for people with hepatic cirrhosis and their overzealous use may cause renal insufficiency. Side effects associated with drugs in the category include weakness, fatigability, paresthesis, impotence, potassium depletion, hyperuricemia.

Antihypertensive trends in U. S. retail market

(Initial therapy percents, 2,000 new patients)

	1984	1987
Hypotensives w/ diuretics	2.1%	1.2%
Hypotensives	5.3	5.9
Ace inhibitors w/wo diuretics	0.6	8.8
Beta blockers w/wo diuretics	28.6	28.5
Thiazide diuretics	20.5	14.1
Potassium-sparing diuretics	24.9	24.3
Loop diuretics	11.5	11.2
Others/combinations	6.5	6.0

Source: Prescription Data Service



Circle #014 on Reader Service Card

Detailing study

INSIDE PHARMACY

Regular visits irregularly useful: detailing study

Pharmacists would be happier with those expensive calls if branded reps would advise them on counselling, adverse reations

NEW YORK — Most branded pharmaceutical manufacturers' reps are making a concentrated effort to visit pharmacies nationwide at least once every two months to detail pharmacists on new products and existing product lines.

Although the cost of an average sales call, according to McGraw-Hill Research, stands at an expensive $229, up 12 percent over the last year, many branded manufacturers still feel that the personal store visit is one way to stem the tide of generic substitution and keep pharmacists informed about their product lines.

However, according to the *Drug Store News/Inside Pharmacy* 1988 Detail Study, while reps are making their store calls rather regularly, the retail pharmacists surveyed said that the company reps are still not providing the information that pharmacists really want during each visit.

Frequent visits

The majority (58 percent) of chain and retail pharmacists reported seeing a detail person at least once every month, with more than three-quarters saying they see a detail person at least once every two months. Only a very small group (4 percent) said they are visited by a detail person less than once every six months.

Fifty-nine percent of pharmacists said they wanted no change in the frequency of visits.

For the most part, pharmacists are satisfied with the frequency of visits. Fifty-nine percent of the pharmacists said they wanted no change in the frequency of vists, while 21 percent said they would like more frequent detail visits. Since many chains do not allow detail persons to visit individual stores, the majority of the dissatisfaction with the frequency of visits comes from the chain sector.

For those respondents who desired more frequent detail visits, major reasons cited included pharmacists' need for information on new products, and the ability of the detail person to "handle returns/overstock/outdated merchandise." A relatively small percentage (two in 10) of pharmacists believe that detail visits are "informative/keep me aware of new, current developments" while others said "they provide information on products being detailed/promoted."

Two in ten pharmacists believe detail visits are 'informative/keep me aware of new, current developments.'

Need different information

The bulk of complaints from most retail pharmacists being visited by the reps on a regular basis centered around the type of information they are receiving during the store visits.

Branded pharmaceutical companies have long recognized the need to provide information to pharmacists, but the escalating costs of an average sales call and pressure from increasing generic substitution has forced detail people to make visits even more productive. What was once a friendly visit from manufacturers' reps to primarily handle returns or overstocked merchandise and take orders on upcoming deals, has now turned into an informational visit.

Detailers now spend the majority of their store time providing the information they think is needed and wanted on their product line. The study uncovered the unfortunate circumstance that reps are not providing pharmacists with information they really want.

When pharmacists were asked what type of specific information they would like to receive, three major areas stood out. Nearly three-quarters wanted instructions for advising patients on how to use the product, almost the same amount (72 percent) said that warnings about possible adverse reactions was of primary importance, and another 59 percent said warnings on possible drug interactions were important to them.

While the majority (83 percent) of pharmacists interviewed said they would like to receive information on possible adverse reactions, only 34 percent of those same pharmacists said they are receiving that kind of information. The situation is even worse with warnings on possible drug interactions. Out of the 81 percent of pharmacists who desired this type of information, only 22 percent said they are actually receiving this information.

Of the 81 percent of pharmacists who desired drug interaction information, only 22 percent said they are actually receiving this information.

New product intros

There is no question that detail visits are an important

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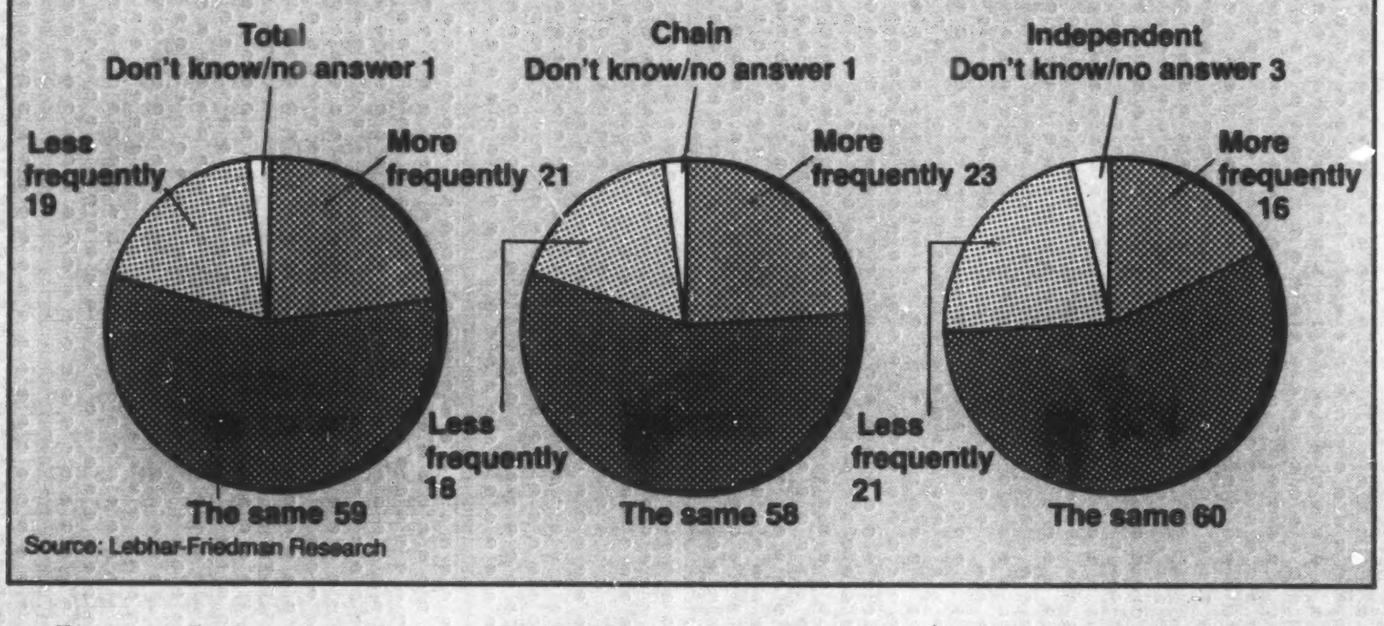
What information pharmacists would like to receive vs. information they currently receive

	Info pharmacists would like to receive	Info pharmacists currently receive
Warnings about possible adverse reactions	83%	34%
Warnings on possible drug interactions	81	22
Instructions for advising patients on how to use product	80	52
Information about how this product is unique	72	48
Insight into what the manufacturer is telling physicians about this product	70	36
Information about why the cost of product is justified	57	11
Listing of product's competitive advantages	55	58
Listing of products' competitive disadvantages	52	9
If a new product, how well it did in clinical testing	38	38
Statistics on how often physicians prescribe product	17	22
All other mentions	2	1
Don't know/no answer	4	13

Source: Lebhar-Friedman Research

Desired change in frequency of visitation
(in percent)



Source: Lebhar-Friedman Research

Usual rate of visitation vs. desired visitation interval

Usual rate of visitation

	Total	Chain	Independent
Once a month or more	58%	56%	63%
Once every two months	20	21	17
Once every 3-6 months	15	17	12
Less than once every 6 months	4	4	3
Less than once every 6 months	2	2	2
Don't know/no answer	1	*	3

Desired visitation interval

	Total	Chain	Independent
Once a month or more	54%	55%	53%
Once every two months	29	28	31
Once every 3-6 months	11	11	10
Less than once every 6 months	1	2	1
Never	4	4	3
Don't know/no answer	1	*	1

*less than .5%

Source: Lebhar-Friedman Research

MD sampling okay: 45% of pharmacists polled

Three reasons for agreeing with physician sampling*

	Total	Chain	Independents
Saves patient money/economical for patients	42%	44%	38%
Lets patient try small amount/limited supply/ starter sample	37	29	55
To see if prescription agrees with patient/ patient can tolerate it	35	34	37

*Base: feel physicians should supply samples
Source: Lebhar-Friedman Research

NEW YORK — Calling on drug stores is only one phase of a detail person's overall job responsibilities. Of primary importance is calling on the original source of any prescription, the physician.

While a pharmaceutical representative's goal at the doctors office is offering the same kind of information on existing and new product lines many companies still leave behind "starter pack" product samples to encourage physicians to prescribe their products.

According to the *Drug Store News/Inside Pharmacy* detailing study, 45 percent of the pharmacists surveyed said that physicians should supply samples to their patients with chain pharmacists agreeing to sampling at a slightly higher rate (47 percent vs 41 percent).

The pharmacists centered their reasons for sampling around three main themes: it saves the patient money, it is just a limited supply and does not represent the full prescription, and to see if the prescription given by the physician agrees with the patient.

But sampling has been a sore point for many pharmacists. According to the study, most believed that sampling "eliminates the checks and balances provided by the pharmacist." Others said that sampling "leads to drug diversion and other illegal channels of distribution" and still others insisted that sampling "competes with my business."

Detail visits important for new product information

Continued from page IP25

way for the branded pharmaceutical manufacturers to convey information to the pharmacist on existing products in their line, but according to pharmacists, the detail visit is particularly important when it comes to information on new product launches.

The pharmacists were asked what information they thought was "extremely important" in their decision to take on new prescription products. More than half (53 percent) said the product should be readily available.

Fifty-three percent of pharmacists felt new products should be readily available.

It is common practice by many pharmaceutical companies to introduce their product before it is actually available directly from the company or through a drug wholesaler. Detailers will often detail the new product to physicians first and then visit the pharmacies to make sure the product is stocked properly. What happens many times is that the demand becomes greater than the supply, and pharmacists are not able to fill physician's prescriptions for the product. This has a negative effect on product movement as well as pharmacy-customer relationships.

When a new product is not in stock in one pharmacy the consumer will normally shop around to find it instead of ask-

Continued on page IP27

Brand Name Generics
We've taken the question marks from generics by adding...
• Squibb quality
• Competitive generic pricing
• Local distribution
• A line of the most prescribed generic products
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Western Region

Arizona — Daniel Boesen has been named executive director of the Arizona Pharmacy Association. Prior to the appointment, Boesen served as director of Arizona operations for Project Hope. He succeeds Warren Ellison, who has retired after 10 years of service.

California — Robert Johnson, California Pharmacists Association executive vice president, was awarded the American Pharmaceutical Association's 1988 Hugo Schaefer Award.

The Schaefer award recognizes outstanding service to the pharmacy profession and to society as a whole.

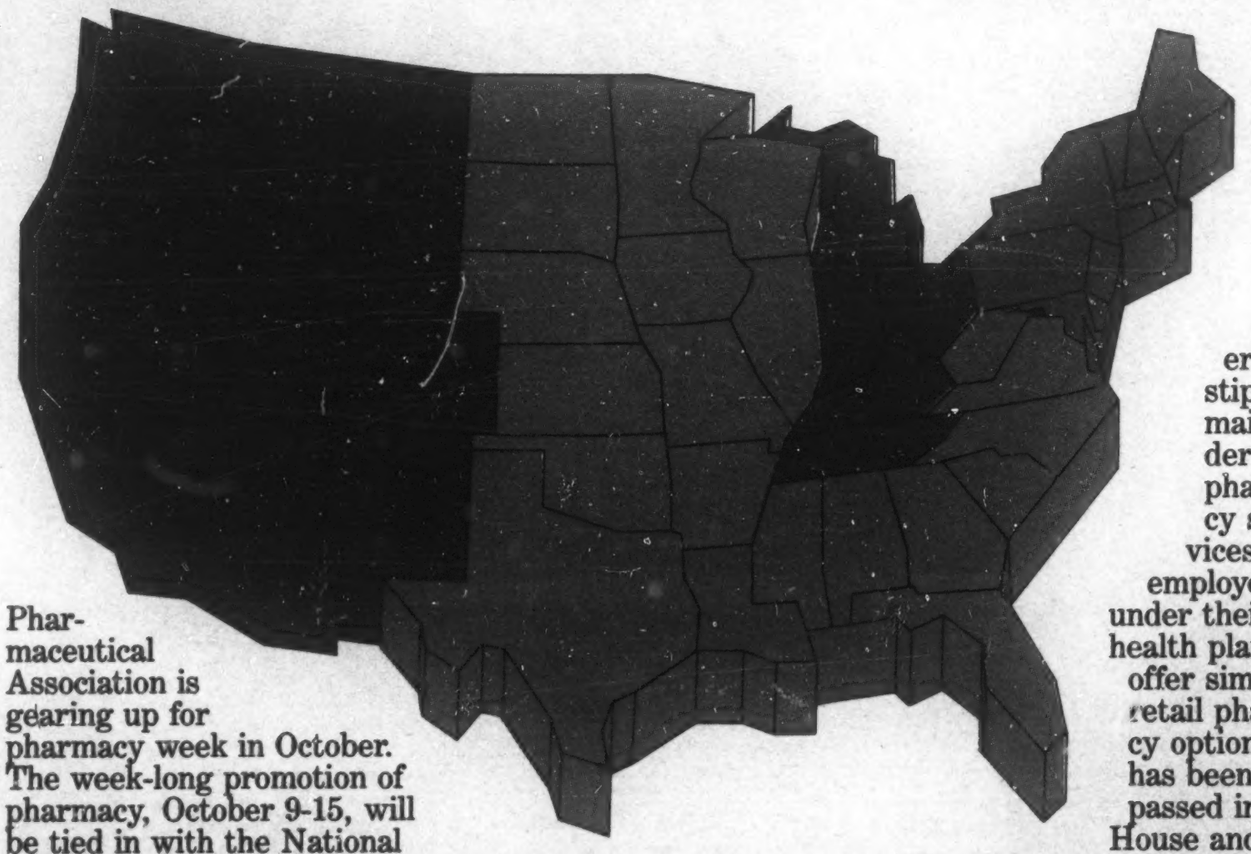
West Central Region

Illinois — The Chicago Department of Health is appealing to pharmacists for their help in educating physicians and patients about the best drug to use in the treatment of resistant gonorrhea strains.

The health department issued an infectious disease update regarding nine cases of infection with spectinomycin resistant Neisseria gonorrhoeae (SRNG), and 399 cases of infection with resistant penicillinase producing Neisseria gonorrhoeae (PPNG).

The department and the Centers for Disease Control recommend ceftriaxone as the first choice for initial treatment to prevent the resistant strains from spreading elsewhere.

Oklahoma — The Oklahoma



Pharmaceutical Association is gearing up for pharmacy week in October. The week-long promotion of pharmacy, October 9-15, will be tied in with the National Council for Patient Information's campaign to discuss prescriptions before taking them, said John Donner, the association's executive director.

Minnesota — The Minnesota State Pharmaceutical Association has not given up the fight for open access legislation in the state. Proposed legislation, which would allow any pharmacy to participate as providers to managed health care networks, was not "favorably seen" by managed health care organizations, according to William Bond, the association's executive director.

Wisconsin — SERV-U Pharmacies IPA, Inc., which operates 20 pharmacies in the Milwaukee area, has signed an exclusive contract with Associates for Health Care, Inc. to provide pharmacy services and prescriptions to its over 16,000 participants. The contract was formerly held by Walgreens.

Southeastern Region

Florida — The Jack Eckerd Corp. has donated $20,000 to the Southeastern College of Pharmacy. The donation is part of the chain's $100,000 pledge to the new private pharmacy school being established in Southern Florida.

The Florida Pharmacy Association will continue its efforts to pass a bill requiring adult congregate facilities to employ a consultant pharmacist.

James Powers, executive vice president for the association, said the facilities, designed for adults who can care for themselves, are often not run by health professionals.

Louisiana — Legislation that would require employers who stipulate mail order pharmacy services for employees under their health plans to offer similar retail pharmacy options, has been passed in the House and the Senate.

According to the Louisiana Pharmacists Association, Johnny Glover, sponsor of the legislation, a freshman representative and pharmacist, has been a strong supporter of pharmacy issues in the House.

Mississippi — The Mississippi Pharmacists Association had its official dedication of its new offices last month. The headquarters, financed by $350,000 raised through its membership, includes new offices and an auditorium which seats over 100.

Georgia — Drastic cuts in the state's Medicaid program, which would reduce the reimbursement rate to drug stores for prescription drugs, continue to be opposed by the Georgia Pharmaceutical Association. The Georgia Retail Association, NARD and other industry associations are working with the group to fight the cuts.

Midwestern Region

Michigan — The Michigan Pharmacists Association will conduct a study of third party prescription drug programs. A task force will meet this month to begin developing a "white paper" on third party changes impacting pharmacy. The study is expected to cost over $25,000.

Kentucky — A bill sponsored by the Kentucky Board of Pharmacy, which would require licensure of out-of-state pharmacies mailing business into Kentucky, has been stalled. The bill, which passed the Senate, ran into opposition from The American Association of Retired Persons. The group was successful in routing the bill to a committee more receptive to AARP's influence.

Eastern Region

New York — The Empire State Pharmaceutical Society has received over $60,000 in its drive to create a $200,000 legal fund.

The fund will be used to benefit New York state pharmacies in legal battles against the Department of Social Services and third parties, according to Jerome Sager, executive director and counsel to the society.

Maryland — Gregory Wood has become the executive director of the Maryland Pharmacist Association. Wood was formerly the chief executive officer of the Missouri Pharmaceutical Association.

Rx'ers seek diverse detailing info

Continued from page IP26

ing the doctor to change the prescription for a more readily available product. When it becomes evident that no one in the area is stocking the product, the physician will change the prescription to another product. Until the product becomes available, all sales are lost. Even worse, one pharmacy may not have the product in stock but another pharmacy received a small supply. The starter prescription is filled and a potential customer is lost.

To prevent this scenario from happening, pharmaceutical manufacturers assure that product is on pharmacists' shelves by shipping a "starter piece" to each store willing to accept such automatic shipments. According to the study, 58 percent of the pharmacists said that they will accept automatic shipments. While a healthy percentage of both chain and independent pharmacists accept automatic shipments, the percentage is higher among the independents (65 percent vs. 54 percent). But the figure for accepting automatic shipments among the chains is dramatically higher than last year. In 1987, only 29 percent of chain pharmacists surveyed said they accepted automatic shipments of new products.

Other areas considered extremely important in taking on new products include, in decreasing order, the uniqueness of the product, frequency of detailing, price, profitability and physician sampling.

The survey revealed that pharmacists purchase their prescription drugs from a variety of sources, and in most cases from a combination of several. Ninety-two percent of pharmacists surveyed sampled purchased prescription drugs directly from drug wholesalers, while 54 percent purchased from manufacturers, and 6 percent (primarily chain stores) purchased their prescription drugs from the warehouse inventory only. Numbers add up to more than 100 percent because of multiple answering for those pharmacists who used a combination of purchasing methods.

Cite hospital for mishandling Rx'er's patient records

ALBANY, N. Y. — The New York State Department of Health has cited Westchester County Medical Center for deficiencies in handling a patient's medical records. The records were those of a pharmacist who underwent HIV antibody testing at the hospital and later applied for a job as a staff pharmacist there.

The pharmacist tested positive on an HIV antibody test administered in 1985 at the medical center's Infectious Disease Clinic, indicating he carries the AIDS (acquired immune deficiency syndrome) virus. In 1986, he applied for a pharmacy position at the hospital and went in for a preemployment physical examination at the center's Employee Health Clinic. *[See story in* Drug Store News, *Feb. 1, 1988 issue.]*

In a Statement of Deficiencies, the Health Department cited the hospital as maintaining "ineffective and inadequate patient medical records, confidentiality policies and safeguards," according to Frances Tarlton, associate director of public affairs for the Health Department. With regard to confidentiality, the Health Department said the pharmacist's medical records in the Infectious Disease Clinic were shared with the examining physician at the Employee Health Clinic, without the patient's consent.

"The Patients' Bill of Rights ensures the confidentiality of medical records," Tarlton said. Such records are to be shared "only by those directly attending the patient."

The preemployment examination "was not a treatment situation," Tarlton said.

Barry Bowman, director of media relations at the medical center, said, "The medical center has responded to each and every allegation made by the Health Department."

While the hospital is "clarifying its procedures and tightening some wording and protocols that might have been somewhat ambiguous," Bowman said, "We maintain that he [the patient] received certainly adequate patient care and that his confidentiality was not breached."

Tarlton stressed that the Health Department's action "has nothing to do with" ongoing hearings the New York Department of Human Rights is conducting into the pharmacist's claims of discrimination and breach of confidentiality against the medical center. The pharmacist, using the pseudonym John Doe, claims the hospital discriminated by denying him a job as a pharmacist based on the positive HIV tests. He further claims the sharing of his medical records with other personnel within the institution constituted a breach of confidentiality.

Tarlton said the deficiencies statement, which was issued in July, would delay the Health Department's decision on the medical center's pending application to become a designated AIDS care center. A final decision on that application "will be delayed until the resolution of this incident," she said.

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DRUG STORE NEWS

Vol. 10/No. 18 **Our 60th year of serving chains, wholesalers and high-volume independents** Published by Lebhar-Friedman Inc. Sept. 12, 1988

FoxMeyer boosts reach with Louis Zahn takeover

Terms and reasons for sale not disclosed

MELROSE PARK, Ill. — National InterGroup Inc., parent company of FoxMeyer Drug Co., has bought out Louis Zahn Drug Co., one of the Midwest's last major regional drug distributors. Purchase price for the privately-held Zahn was not disclosed.

The Aug. 25 deal extends the takeover fever and consolidation which has gripped the wholesale drug industry since the early 1980s, and solidified FoxMeyer's position as the nation's third-largest drug distributor. An aggressive takeover specialist, FoxMeyer has grown rapidly over the past five years, with net sales of $2 billion in its most recent fiscal year and drug distribution centers throughout the Midwest, South and Rocky Mountain region. It also operates the Health Mart and Ben Franklin chains on a franchise basis.

Mel Zahn

National Intergroup chairman and ceo Howard Love called the acquisition "part of FoxMeyer's strategy to concentrate on growing and strengthening its core drug distribution business," and said Zahn "provides an excellent opportunity for FoxMeyer to improve its presence in the important Chicago market and surround-

See **FoxMeyer,** *page 53*

Revco's financial performance

(In millions of $, four most recent reporting periods)

	FY '88			FY '87*
	1st qtr.	2nd qtr.	3rd qtr	
Net sales	$522.8	$538.4	$600.3	$991.2
Operating profit	17.1	16.8	15.3	41.3
Interest expense	34.5	33.9	32.7	64.7
Net loss	16.4	17.1	17.4	21.9

*For five-month period from 12/30/86 to 5/30/87, reflecting shift to new fiscal calendar.
Source: Company reports

New credit package gives breathing room to embattled Revco

By James Frederick

TWINSBURG, Ohio — The U. S. Bankruptcy Court in Akron, Ohio has approved a new $145 million credit package for Revco D.S., freeing up bank loans that will enable the embattled chain to stock its stores for the fall and Christmas selling seasons and beyond. In an unusual twist, the new credit agreement gives special consideration to all Revco vendors who extend normal payment terms to the chain.

The agreement, which was approved by the court Aug. 23, gives Revco both a carrot and a stick with which to lure its suppliers back into the fold. Under its terms, all trade creditors who extend customary payment terms to Revco after the company's July 28 Chapter 11 filing will be given the same super-priority claim and lien as the bank group providing the new financing. Revco executive vp-marketing Jim Adamson called the plan "the strongest possible incentive for Revco vendors to offer customary payment terms."

Vendors who continue to insist on a cash-on-delivery pay-

See **Revco,** *page 53*

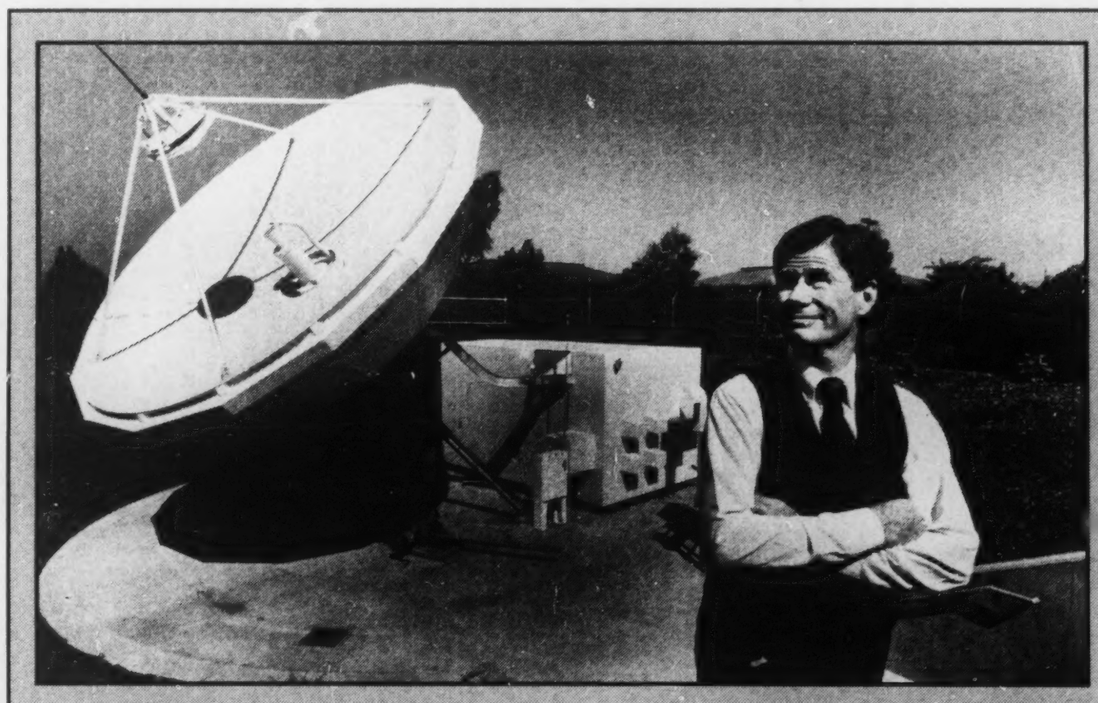
Chain's woes leave buyers and vendors in a cautious mood

Revco's fiscal crisis has sent cautionary ripples throughout the retail and financial communities, but its effects are unlikely to significantly cool the romance between suppliers and retailers.

That is the conclusion drawn from talks with vendors and chain drug buyers in the weeks following Revco's retreat into the shelter of bankruptcy court. Although vendors say they are sobered by the problems they've encountered with the giant drug chain, most say it won't have a lasting effect on the relationship between drug chains and manufacturers.

"I don't think it's really had a bad effect on the rest of the industry," said

See **Ripples,** *page 53*



John Fitzgerald, McKesson Drug vp-information services, headed the $5 million project that produced this new earth station near Sacramento, Calif., linking the wholesaler's nationwide network of DCs via the GSTAR communications satellite.

McK in orbit over DC satellite link

SAN FRANCISCO — When a major Illinois Bell switching substation burned to the ground May 8, leaving much of suburban Chicago without long-distance telephone service, McKesson Drug Co.'s distribution center in Romeoville, Ill., went into orbit with its new satellite communications system, the first in the drug distribution industry.

McKesson Drug's business depends on computers and a sophisticated electronic ordering system. Virtually all of its customers use hand-held order-entry devices to transmit orders to McKesson's central computer at the Drohan Data Center near Sacramento, Calif. Based on data from the retailer, the computer

See **Satellite,** *page 53*

LATE NEWS

• WALDORF, Md. — F&M Distributors began its push into the Washington, D.C. area with an opening here Sept. 1. Eight more units will follow this year.

• LIVERPOOL, N. Y. — Fay's Drug Co. has purchased a 150,000-square-foot distribution center and 21,000 square feet of office space on a 27-acre site near here in the town of Clay. The facilities will house its Paper Cutter and Wheels Discount Auto Supply divisions. The price of the complex was not disclosed.

• SALT LAKE CITY — American Stores reported net income dropped to $30.3 million from $36.5 million for the 13 weeks ended July 30. Sales increased to $4.55 billion from $3.54 billion. For the 26 weeks, net income fell to $57.3 million from $71.5 million, while sales rose to $8.15 billion from $6.99 billion.

• DETROIT — Liberty Drug and Revco failed to meet a Aug. 15 deadline for the sale of 29 Detroit-area Revco stores to the four-unit chain. Both sides are still negotiating.

Coalition sees 'ripple effect' from hike in minimum wage

WASHINGTON — Even drug stores who pay employees three times the minimum wage will face higher labor costs if proposed increases in the federal wage floor are enacted by Congress.

Citing University of Chicago economist Dr. Ronald Krumm, the Minimum Wage Coalition to Save Jobs warned lawmakers that any increase in the minimum wage will create "a ripple effect" that will ultimately raise the wages of employees already earning $11 or $12 an hour.

At press time, bills which would boost the wage floor were still pending on both sides of Capitol

See **Wage,** *page 53*

A minimum wage solution?

Ken Rankin reports on an earned income tax credit that Congress is considering to replace the controversial minimum wage.

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NEWS IN BRIEF

Trio named Longs senior vps

WALNUT CREEK, Calif. — Longs Drug Stores announced that Bill Brandon, George Duey and Dan Wilson have been named senior vice presidents. Brandon and Duey are currently vp's and district managers and have been with Longs since 1959. Brandon became a vp in 1978, and Duey in 1974. Wilson has held a number of posts including store manager and pharmacy manager since joining Longs in 1964.

Also, Richard Brooks was elected to the board to fill an existing vacancy. He is president and ceo of SFA Management Corp., San Francisco.

Longs also announced a number of other promotions: Al Arrigoni, most recently project manager-properties department, is named vp-construction projects. Jack Daleth has been named a vp, and will continue as a district manager. Dave Fong, most recently assistant director, pharamcy, is named vp-pharmacy. Petrucelli, a district manager, has been named a vp. Mike Raphel, the real estate manager for five years, has been named vp-real estate. Kyle Westover, director of training, is vp-training. Dave Sabey, formerly real estate counsel, has been promoted to assistant general counsel and assistant secretary.

Arbor eyes new headquarters

TROY, Mich. — Reflecting its rapid growth in recent years, Arbor Drugs is readying a move to a new corporate headquarters site this December that will more than double its central office space.

Arbor's new corporate center is a three-story building on West Big Beaver Road in Troy with 52,000 square feet of office space. It replaces both the existing 20,000-square-foot headquarters site and a nearby satellite office.

"Arbor today has 80 stores and 2,600 employees companywide, up from 30 stores and 900 employees just five years ago," noted Eugene Applebaum, chairman and president. "Our new headquarters allows us to bring together our administrative and support staff under one roof, with the flexibility for expansion."

FTC okays Vons' Safeway purchase

EL MONTE, Calif. — The Federal Trade Commission has given final approval for Vons Cos. $408 million-acquisition of 172 Southern California Safeway stores. Prior to the consent, Vons was required to divest 12 stores—nine Safeways and three Vons—which it sold for undisclosed prices to Certified Grocers, Ralphs and Hughes. To promote its new ownership of the Safeway sites, Vons ran a full page ad in the *Los Angeles Times*, promising customers price rollbacks at the acquired stores. Vons said it plans to remerchandise the Safeway stores, and in some instances, make major remodeling changes.

Fays taps Novara for P.L. marketing

LIVERPOOL, N. Y. — Paul Novara has been named by Fay's Drug to the newly created post of private label marketing manager for the drug division, Jim Wuest, vp-merchandise, announced.

Novara will be responsible for all aspects of purchasing and marketing of Fay's private label products. He previously worked for International U.S.A., Peter J. Schmitt, Pueblo International and Chatham Supermarkets, Wuest said.

Lucky Stores exits Florida as American plans combos

IRVINE, Calif. — American Stores has pared its Lucky Stores division to 352 stores in California and Nevada with the sale of Lucky's 95-store Kash n' Karry chain in Florida to Gibbons, Green, van Amerongen Ltd., a New York-based investor group.

The $305 million sale completes a plan by Lucky management made prior to Lucky's takeover by American Stores in June. Although profitable, the Florida division faced increasing competition from other combo store operators, and its sale had been contemplated for some time. The sale also helps American pay down debt following its $2.5 billion acquisition of Lucky.

The deal is subject to completion of financing arrangements by Gibbons, Green. Investors in the takeover include Ron Floto, president and chief executive of Kash n' Karry, as well as other managers. Floto stressed that the chain's current managers and employees would be kept on.

Headquartered in Tampa, the 95-unit chain includes 22 stores with pharmacies, according to Lucky spokesperson Judy Decker. It was founded in the 1940s and purchased by Lucky in 1979.

A spokesperson confirmed the chain has selected at least two sites in Tampa for construction of a new combo store prototype.

Lucky chairman and ceo John Lillie called the divestiture "a strategic move that allows us to focus all of our operations in California and adjacent Nevada markets." Lucky operates all but 12 of its stores in California.

Meanwhile, American Stores is laying the groundwork for a new incursion into Florida through its American Superstores division, which operates Jewel Food Stores, Acme Markets and Star Markets and is headquartered in Wilmington, Del. A company spokesperson confirmed the chain has selected at least two sites in Tampa for construction of a new combo store prototype, with others to follow in various Florida markets.

On another front, American has capped the sale of Lucky's 38 supermarkets in Arizona to Phoenix-based ABCO Markets for $75 million. ABCO, controlled by the New York-based investment group Odyssey Partners, operates the A. J. Bayless supermarket chain in Arizona.

American has found buyers for 30 of the 37 Alpha Beta and Lucky stores it agreed to sell in California following its purchase of Lucky. The agreement is intended to satisfy FTC antitrust conditions, but it has been criticized by California's attorney general and is still under FTC review.

Sixty years of drug store retailing

This interior of the first Hook drug store, circa 1900, offers customers a suggestion to "try lime juice" at the soda fountain. Mr. John A. Hook, standing in front of the counter wearing a jacket, was a 19-year-old pharmacist of German heritage when he founded the Hook Drug Co. at the turn of the century. More Hook trivia: John Hook's earliest advertising slogan was "Zero Prices" (no one knows today what that meant) and he had plans to open a drug store in New York and St. Louis, but they were never realized because of the financial difficulties in 1912.

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Vol. 10, No. 18 Sept. 12, 1988

BEAUTY TRENDS

Special section: Ethnic H&BA

Atlanta is a natural for ethnic marketing

With this issue, Drug Store News *launches a market-by-market approach to merchandising selected categories. We believe readers will benefit by learning about the special opportunities and challenges of marketing specific products in regions where their strategies may be the most intense.—Editor*

By James Frederick

The recent Democratic National Convention shone a spotlight on Atlanta, revealing to the world a bustling, broiling metropolis in love with the notion of progress and growth. Atlanta prides itself on its leadership role as the hub of business, transportation and culture in the New South.

But Atlanta is a hub for another important reason: It is perhaps the best example of black economic and political progress in the nation. Atlanta's political establishment has long drawn much of its leadership and support from some of the nation's highest-profile black politicians, including Mayor Andrew Young and state Senator Julian Bond. The last two mayors have been black, as is the city council president and many other prominent leaders.

With some justification, the city is also called the birthplace of the modern civil rights movement. Here, just blocks from downtown, Dr. Martin Luther King, Jr. presided over the Ebenezer Baptist Church and began a crusade which transformed American society. King's burial site on Sweet Auburn Avenue—in the midst of the Center for Social Change which bears his name—remains a touchstone for the pride and aspirations of black Americans.

Atlanta also prides itself on its race relations, and on its ability 20 years ago to avoid much of the violence and upheaval that accompanied the struggles for civil rights in other U.S. cities.

Typically for this town, the decision by Atlanta's image-conscious white power structure to practice accommodation rather than confrontation in the 1960s and 1970s sprang as much from economic concerns as from social conscience. It was perceived, correctly, that what was good for Atlanta's black community was ultimately good for the economic growth and stability of the whole region.

In the end, Atlanta's business and political establishment had no choice but to open the doors to the city's growing black population. Within the city limits, nearly 70 percent of Atlanta's population of 425,000 is black, according to the 1980 U.S. Census. Of the metropolitan region's nearly three million people, at least 25 percent are black.

The entire left wall of this SupeRx store in Decatur, Ga., is devoted to a well-stocked, highlighted selection of health and beauty aids oriented towards black customers.

Those numbers translated for black Atlantans into voting power in the 1970s, and led to a larger share in the prosperity that has fueled the city's growth. Black political leaders applied pressure on local businesses, bank lenders and others for jobs, minority contracts and an end to various forms of economic or racial discrimination.

Atlanta's politicians, business leaders and citizens continue to wrestle with lingering racial tensions, unequal job and housing opportunities and a seemingly permanent underclass of unemployed blacks. Nevertheless, what has emerged here is one of the nation's largest concentrations of the black middle- and upper-middle classes.

Within the city and in well-groomed suburbs to the south and east, tidy homes and new office and retail developments testify to the growing earning and spending power of black consumers in Atlanta.

Key center for ethnic

The size and relative prosperity of much of Atlanta's black population have made the city a key center for the marketing of products aimed at black consumers—most notably ethnic-oriented hair care products, cosmetics and other toiletries.

Drug and discount chains like K mart, Drug Emporium, SupeRx, Reed Drug, Revco and Treasury have built or renovated stores in the largely black suburbs to the south and east, catering to urban and suburban black consumers with some of the largest ethnic product sections in the country.

By adjusting to local demands with larger ethnic departments, the chains have learned lessons about ethnic marketing and consumer demand that can apply to hundreds of metropolitan areas around the country. In general, what they've found is that meeting the demand for black-oriented products in largely black neighborhoods is a key image and traffic builder.

"Those are our customers, and in a market like this, where 98 percent of the customers in our store are black, we should cater to black customers almost exclusively," noted Russ Bigelow, a store manager for SupeRx. "This is a strong, nice middle-class area with a great clientele, and we're going to give our customers what they want."

In Atlanta suburbs with the largest concentrations of black consumers, Revco relies on specialty distributors to help tend its ethnic product sections.

Aggressive marketing plans:

Drug chains grapple to attract growing ethnic market in Atlanta

Led by chains like SupeRx, Revco, Reed Drugs and Drug Emporium, Atlanta's major drug and H&BA retailers have unveiled aggressive marketing programs aimed at the region's more than 600,000 black consumers.

Drug retailers have overhauled and enlarged ethnic product sections in their stores which serve a black clientele—in some cases, even in markets where 90 percent of their customers are white.

Chains are also advertising ethnic products on radio and in print to target audiences on Atlanta's largely black south and east sides, and some are co-sponsoring in-store product demonstrations and promotional events to stir up business and boost their images as leaders in black-oriented product marketing.

"We've had two or three really successful in-store events, with the reps coming in and handling an all-day promotion," said Russ Bigelow, manager of a SupeRx drug store in Decatur, just east of Atlanta. "We'll set up a table for them so they can greet customers right as they come in the door with $1-off specials and demonstrations. It's gotten a very favorable response, and we'll be doing more of it."

Bigelow's unit serves a stable, middle-class community that is almost entirely black. Thus, SupeRx chose his store for a complete overhaul early this year, in which the chain installed what may be the largest black-oriented hair and beauty care section in any U.S. drug store.

The department runs the entire length of the store from front to back, beginning with a 15-foot hosiery run that greets customers at the entrance and draws them along the wall to a 78-foot run of black-oriented cosmetics and toiletries.

Serviced and planogrammed by Harris Beauty Supply, the ethnic department in SupeRx's Decatur store features an in-line set of promotional specials, including economy-sized

Continued on page 18

BEAUTY TRENDS | *Ethnic H&BA: Atlanta*

Atlanta is a leader in ethnic product marketing

Continued from page 17

hair care items, twin-packs and discounted product. The promotional section is set off along the wall by overhead revolving lights, while music from a black-oriented radio station is piped in to draw attention to the department.

The store has a line of black-oriented greeting cards from American Greetings in the card section nearby.

"We've seen a big boost in sales all over the store since the remodel," said a spokesman. "There's competition in this area from a lot of chains, including Revco, Reed and Eckerd, but customers have really responded to this."

Some of SupeRx's seven other Atlanta-area units include sections of 18 to 24 feet.

Another standout performer in ethnic marketing in Atlanta has been Drug Emporium, which tailors its ethnic mix with sections that run from four to 24 feet, according to vp-merchandising Frank Shanower.

"We buy our ethnic merchandise through Harris Beauty Supply in Atlanta, and we really never have to touch it," he said. "The largest sections are filled twice a week, and we'll probably do $400,000 to $500,000 this year there with the category."

"Drug Emporium is one of the chains setting the pace here," said Mike O'Brien, vp-marketing for Harris Beauty Supply. "They've found that people buy those products not only where they live, but where they shop. They're very aware of the category and the turns they're getting, and they're able to beat everybody on price a lot of times."

In addition, O'Brien says, Drug Emporium has been one of the first local retailers to see the general migration of black consumers away from traditional black neighborhoods into other areas around the city. "The black population is shifting northward, and Drug Emporium has recognized that the black consumer is now all over Atlanta," he said. "They're telling us to look at the ethnic section and see if it needs to be expanded."

Reed Drug, the Atlanta-based division of Peoples Drug Stores, also relies on Harris to stock and service its ethnic sections. "We buy through our service program with Harris, and we give them a sufficient amount of space to do the most productive job," said a company spokesman. "They have the product knowledge and demographic studies to do a super job for us."

Reed also benefits from its corporate buying staff in Atlanta and at Peoples headquarters in Virginia, including new ethnic buyer Eric Thomas and new Peoples vp-cosmetics merchandiser Vickie Williams, who came from Shoppers Drug Mart.

In Atlanta, Reed devotes as little as eight feet and as much as 48 feet in its more than 50 local stores to ethnic, depending on location. "We've always had a major commitment to black-oriented merchandise in Atlanta," a source said.

Reed is an ethnic leader

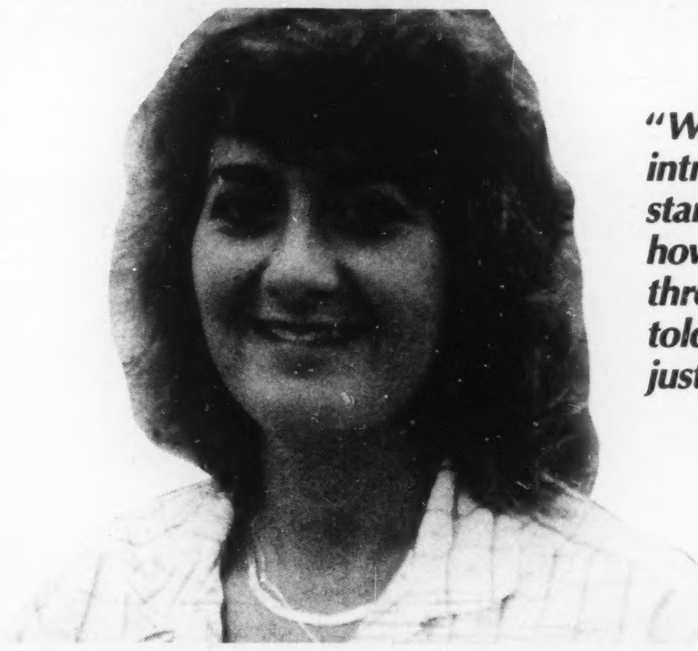
"Reed has always been a leader here in ethnic," agreed Harris' O'Brien. "They've always been very cooperative with our efforts, and when we've got an innovation to try, we'll bring it to them first.

"In a way," O'Brien added, "we've brought other clients up to Reed's standards with a good pricing structure, monthly endcap programs, selection, tabs in Sunday flyers, that sort of thing. We've got the manufacturers tagging our stores in their ads in this market."

Harris also services some of the 25 Atlanta-area Revco stores. "We've been in a full-service test with Revco for 16 months with 30 stores, about six or eight of them in Atlanta," O'Brien said. "Another 30 stores went to another distributor.

"We've improved their pricing structure in those stores, so their margins are somewhat lower but their business has really picked up. Basically, Revco absorbed our up charge in return for higher service levels and better volumes."

One Revco store manager reported that the store was "doing a lot of business" out of a revamped 20-foot ethnic section, and said the larger section was triggering incremental sales throughout the store.



"When [wholesaler Ben] Sheftall wants to introduce a new item in the store, they'll start small and add or delete according to how it moves. We get the rep in here every three weeks to reorder and reset, and we've told him he can have more space if he can justify it."

—Juanita Griffith
store manager/pharmacist, Dunaway Drug Stores

Revco isn't the only chain in Atlanta which has divided its ethnic business between two service merchandisers. Said one chain executive: "We're trying two wholesalers, one against the other. I divided the stores up between Harris and Ben Sheftall, giving each group some of our A, B and C stores so we could get an accurate read on results. One distributor gives a little better service, the other a little better price."

The retailer describes Atlanta's ethnic market as "volatile and changing," but "a real moneymaker."

Dunaway Drug Stores has shifted to Ben Sheftall in some of its 16 Atlanta-area stores, with positive results, according to store manager and pharmacist Juanita Griffith.

"They're giving us much better service than we were getting from our other wholesaler, and we've started to pull in more black trade," she notes.

Griffith manages a Dunaway store in the old Cobb Center mall in Smyrna, Ga., just northeast of Atlanta. Although the store serves a population that is about 90 percent white, Griffith said, Sheftall was able to double the size of the ethnic set in the store, boost selection and achieve better turns.

"I have confidence in the sales rep," said Griffith. "Sheftall doesn't force product down our throats; instead, when they want to introduce a new item in the store they'll start small and add or delete according to how it moves. We get the rep in here every three weeks to reorder and reset, and we've told him he can have more space if he can justify it."

Atlanta's Treasury Drug, on the other hand, has chosen to handle its ethnic sections through its corporate buying staff, rather than working through a local service merchandiser-distributor. The products are drop-shipped to the stores and then stocked by store clerks.

Nevertheless, Treasury maintains large and well-stocked ethnic sections in stores which serve black neighborhoods. For instance, in East Point, just south of Atlanta, Treasury has given black-oriented hair care products a 24-foot shelf run near the front of the store, featuring several hundred SKUs and competitive pricing.

Compared with drug chains in Atlanta, supermarket retailers have been relatively quiescent in their approach to the ethnic H&BA market. "They aren't really doing that much, and they've really been tough to crack from our standpoint," said Harris's O'Brien.

Several chains operating in Atlanta, including Reeds shown here, offer a four- to eight-foot section of hosiery for black women.

Selected H&BA categories: Comparison of annual turn rates

(All drug outlets, 1987)

Segment	Turns per year
Ethnic hair preps	4.9
Face creams	4.2
Hand lotions	4.5
Shampoo	4.6
Deodorants	4.8
Mousse	4.4
Hair spray	6.1
Home wave kits	4.0
Conditioners	4.2
Hair color	3.2

Source: Nielsen Marketing Research

Ethnic hair preparations: Comparison of annual turn rates by category segment

(All drug outlets, 1987)

Segment	Turns per year
Curl activators	4.9
Relaxers	5.5
Comb easy	5.0
Conditioners/hair dressings	4.7
Curl kits	4.1
Hair spray	4.4
Total ethnic hair preps	4.9

Source: Nielsen Marketing Research